

OPERATIONAL BUDGET RE-ALIGNMENTS

As discussed in the previous section, DCPS is seeking additional financial investments to implement key educational strategies that are consistent with the Superintendent's "levers" for success. However, there are several operational areas of importance that necessitate budgetary realignments to cover anticipated needs. The following details the major budgetary adjustments that are being proposed to match the proposed baseline mark.

THE FUTURE OF THE WEIGHTED STUDENT FORMULA IN FY 2006

Weighted Student Formula Background and Status

DCPS is currently in the seventh year using the Weighted Student Formula (WSF) as the primary method of allocating funds to local schools. Instead of delivering resources in the form of staff through Full-Time Equivalent (FTE) allocations, resources are now allocated and distributed to schools in dollars, and schools help to determine how these dollars are to be spent to best meet the needs of their student population. The WSF allocates dollars while taking into account student grade level, eligibility for free or reduced lunch, special education needs and limited or no English proficiency. The formula also ensures a minimum or basic set of resources for all students and all schools through the use of a baseline of services under which no school will fall. The current baseline is included as an attachment, and includes administrative staff, teachers, educational support staff, custodians, and supplies and materials on either a per-school or a per-pupil basis. The WSF allows schools a degree of flexibility in the design and use of instructional programs that match the specific needs of its students, parents and community. Central administration works with the principals to assist and monitor schools, while sharing some of the key program decisions with principals and local school teams.

The concept of the Weighted Student Formula continues to be a defensible and credible method of allocating funds. Dollar allocation continues to be based on student needs, with the inclusion of a floor, or basic set of services, under which no school will fall. DCPS' experience with the formula, however, has uncovered a need to reevaluate certain aspects of its implementation. Some critical issues related to basic staffing requirements, particularly in low performing elementary, middle, and junior high schools, will be addressed immediately in SY2004-2005. Other, more complex concerns with the current school funding mechanism, such as the use of the WSF to fund special education and ESL programs, will require more in-depth analysis and examination of possible solutions. A committee of experts from across the city and across the country will be assembled to examine these larger issues over the next 6-8 months, for implementation in SY2005-2006.

Current Challenges and Proposed Changes to the Formula, SY2004–2005

An unintended consequence of the WSF implementation is that certain key staffing decisions have become uneven and inconsistent across schools, such that DCPS cannot tell parents with absolute certainty what each school is providing for their students. Full autonomy regarding how dollars are spent has led to 150 different decisions to determine an adequate ratio for counselors, appropriate levels of support in literacy and numeracy, and how (or even if) content areas such as art, music, and PE are delivered to students. In SY2002–2003, approximately 15,472 DCPS elementary school students currently attend schools without an art teacher, 12,000 are in schools without a music teacher, and a similar number are without a PE teacher – despite research showing the educational benefit of each of these three subjects for overall student achievement. At the same time, at the elementary school level, 54 schools employ an Assistant Principal, while only 10 elementary schools have more than 500 students (the threshold applied in many urban districts for hiring assistant principals), and program coordinators and administrative support staff are in place in a number of schools in lieu of other key positions.

The establishment of a weighted student formula committee will help to ensure that critical educational resources – not simply dollars – are distributed consistently and equitably, and will lead to greater system-wide transparency and accountability for academic performance. Secondly, increased consistency in critical staffing areas will enable central office to provide more targeted, system-wide support – such as developing a system-wide strategy, curriculum, and support structure in special subject areas or school counseling. Third, greater program and staffing consistency will enable greater collaboration and sharing across schools. By restoring the balance between central oversight and local school management, DCPS will be better able to ensure that programs are of high quality across the system. This consistency will help to reassure parents that their children will have the same educational resources available to them, regardless of the school they attend.

FY 2006 Proposed Resources for Allocations to Local Schools

Historically, the level of financial resources available to DCPS has not dramatically improved as appropriated dollars have not taken into account current labor costs. Average salary costs have exceeded the nominal increases in the per pupil funding received. In turn, DCPS has been unable to increase the base foundation amount each student receives in the Weighted Student Formula for the last three fiscal years. This has placed enormous financial and programmatic constraints on the local schools. As this is the case, the proposed FY 2006 Budget attempts to provide local relief to our schools so they can become competitive with their Charter and Non-Public counterparts. Increasing the base foundation amount by 10% necessitates the investment of \$397M when utilizing the current WSF allocation methodology and the unaudited October enrollment figures.

District of Columbia Public Schools
Proposed FY 2006 Weighted Student Formula Allocation
Assumptions and Summary

Grade Levels	Total Enrollment	Special Education				ESL		Test Scores			F & R Lunch
		Level 1	Level 2	Level 3	Level 4	LEP	NEP	0-10%	11-30%	21-30%	
Pre-School	4,194	64	15	1	148	60	308				2,988
Kindergarten	4,402	140	29	20	38	242	375				3,093
Primary (1-3)	13,530	486	536	266	462	973	658				9,496
Intermediate (4-5)	9,042	329	1,124	315	432	394	217				6,513
Middle School (6-8)	12,334	383	1,073	481	306	313	226				8,564
High School (9-12)	13,012	508	704	428	418	555	415				7,048
Non-Graded	2,343	62	56	75	1,056	0	0				1,099
Total	58,997	1,972	3,537	1,586	2,880	2,537	2,199				38,800
Weighted Student Factors											

Grade Levels	Basic Education	Special Education				ESL		Test Scores			F & R Lunch
		Level 1	Level 2	Level 3	Level 4	LEP	NEP	0-10%	11-30%	21-30%	
Pre-School	1.19	1.55	1.55	2.34	3.12	0.52	0.52	0.00	0.00	0.00	0.09
Kindergarten	1.19	1.55	1.55	2.34	3.12	0.52	0.52	0.00	0.00	0.00	0.09
Primary (1-3)	1.06	0.62	0.62	1.56	3.12	0.52	0.52	0.05	0.05	0.02	0.09
Intermediate (4-5)	1.01	0.62	0.62	1.56	3.12	0.52	0.52	0.05	0.05	0.02	0.09
Middle School (6-8)	1.00	0.50	0.50	1.56	3.12	0.52	0.76	0.05	0.05	0.02	0.10
High School (9-12)	1.00	0.50	0.50	1.56	3.12	0.52	0.76	0.12	0.08	0.04	0.10
Non-Graded	1.06	1.55	1.55	2.34	3.12	0.52	0.52	0.05	0.05	0.02	0.09
Weighted Student Units											

Grade Levels	Basic Education	Special Education				ESL		Test Scores			F & R Lunch	Total
		Level 1	Level 2	Level 3	Level 4	LEP	NEP	0-10%	11-30%	21-30%		
Pre-School	4,900.86	99.51	23.32	2.34	462.12	30.91	158.68				268.90	6,086.65
Kindergarten	5,333.58	217.68	45.09	46.84	118.65	124.68	193.20				278.34	6,338.06
Primary (1-3)	14,341.80	302.26	333.36	415.28	1,442.56	501.30	339.01				854.68	18,530.25
Intermediate (4-5)	9,132.42	204.62	699.06	491.78	1,348.89	202.99	111.80				586.13	12,777.69
Middle School (6-8)	12,334.00	190.56	533.87	750.95	955.46	161.26	170.78				890.63	15,987.50
High School (9-12)	13,012.00	252.75	350.27	668.20	1,305.18	285.94	313.59				733.04	16,920.98
Non-Graded	2,483.58	96.40	87.07	175.64	3,297.29	0.00	0.00				98.89	6,238.87
Total Student Allocation	61,628.24	1,363.78	2,072.04	2,551.03	8,930.16	1,307.09	1,287.06	0.00	0.00	0.00	3,710.61	82,850.01

Allocation of Dollars Based on Base Funding Factor of \$4,620

Grade Levels	Basic Education	Special Education				ESL		Test Scores			F & R Lunch	Total
		Level 1	Level 2	Level 3	Level 4	LEP	NEP	0-10%	11-30%	21-30%		
Pre-School	\$ 23,057,773	\$ 459,735	\$ 107,730	\$ 10,819	\$ 2,134,995	\$ 142,816	\$ 733,124				\$ 1,242,300	\$ 27,889,314
Kindergarten	24,641,140	1,005,671	208,318	216,385	548,174	576,026	892,602				1,265,934	29,374,250
Primary (1-3)	66,259,116	1,396,446	1,540,114	1,918,610	6,664,646	2,316,005	1,566,219				3,948,614	85,609,772
Intermediate (4-5)	42,191,780	945,331	3,229,642	2,272,038	6,231,877	937,827	516,519				2,707,927	59,032,942
Middle School (6-8)	56,983,080	880,393	2,466,481	3,469,367	4,414,246	745,025	788,981				4,114,691	73,862,364
High School (9-12)	60,115,440	1,167,728	1,618,269	3,087,087	6,029,918	1,321,051	1,448,793				3,386,653	78,174,939
Non-Graded	11,474,140	445,369	402,269	811,442	7,633,477						456,887	21,223,583
Total Student Allocation	\$ 284,722,469	\$ 6,300,674	\$ 9,572,841	\$ 11,785,749	\$ 33,657,333	\$ 6,038,732	\$ 5,946,239	\$ -	\$ -	\$ -	\$ 17,143,007	\$ 375,167,064

Floor Plan and Range Funds

Foundation Level Funding

22,045,356

Total Weighted Student Formula

\$ 397,212,420

FY 2006 FACILITIES ENHANCEMENT

The Office of Facilities Management (OFM) for the District of Columbia Public Schools (DCPS) is responsible for operating and maintaining more than 150 buildings, 147 of which are school buildings. The average age of our school buildings is 63 years old; several schools are housed in facilities more than 100 years old. The accumulation of the effects of aging structures, deferred maintenance and delayed improvements has created a climate mired in failing boilers, deteriorating walls, inoperable windows, and leaking roofs. Many of our buildings have not been painted in more than 10 years; some classroom carpet is more than 20 years old.

The industry standard for facility operations and maintenance funding is \$2.20 per square foot for school facilities with a sustained maintenance program. DCPS' FY 03 funding was \$1.08 per square foot, \$1.37 per square foot in FY 04, and \$1.47 in the approved allocation for FY 05. The FY 2006 Budget request is focused on increasing maintenance efforts to \$1.76 per square foot and closer in line with industry standards through an increase of \$4.6M for operations and maintenance activities. To effectively address the significant backlog of facilities issues facing more than 80% of the facilities while simultaneously building a new generation of schools requires a funding strategy that is broad-based and multi-faceted. Clearly the issues of deferred maintenance and delayed improvements must be addressed and this nominal investment will put DCPS on a corrective path towards resolving its looming facility issues.

Some of the deferred maintenance projects can be handled by small capital projects funded by the capital improvement plan: i.e., roof replacements, boiler overhauls and replacements, window replacement, high presser steam plant conversions, etc. However, adequate funding of the Operations and Maintenance budget is vital and needs to increase in the early years. This budget will then decrease as modernized/renovated schools come on line. It is imperative that there be sufficient funding to maintain our newly modernized/renovated facilities. Every regularly scheduled maintenance activity must be completed within the specified time frame to ensure that the warranties stay in effect. We do not want, for example, to have to replace an HVAC system due to a mechanical malfunction on DCPS' budget because we did not perform the required maintenance. The planned, regular maintenance of aging systems must be a part of a balanced, responsible facilities plan. As the need to address deferred maintenance and delayed improvements decline, funds can be used to support a program of sustained or preventive maintenance. At this time, the budget for O & M is funded only to address basic health and safety issues, and not all of those. When catastrophic events occur, as in the case of the Ballou SHS mercury spill and the Lafayette ES fire, there are no reserve funds available and funds for other O&M efforts are used.

The budgets for the Capital Improvement Program and the Operations and Maintenance Program are complementary. However, due to the legal directives, to be an eligible capital project requires a \$250,000 threshold. Many of the day-to-day challenges O&M must address do not meet that funding threshold; an adequate budget for O&M over a period of years could begin to remedy the problem. To this accord, we are also requesting an increase of \$464,537 for our planning and design team that is supported by our operating budget. This increase is due to personnel being transferred from our capital budget to our operating budget effective FY 2006. The transfer of personnel was

"mandated" by the District of Columbia's Office of Budget and Planning. These positions are critical to maintaining the integrity and functionality of the capital improvement program.

FY 2006 TECHNOLOGY ENHANCEMENT

DCPS needs to make considerable advances in the technology it offers in the classroom for both teacher and student use. The ability to use technology can give students a competitive edge in the global marketplace as well as assist teachers in performing their instructional tasks with greater efficiency. The school system is straddled along what has come to be known as the "digital divide." The FY 2006 budget request advances DCPS in making certain that our technological abilities promote student achievement and enhance the classroom experience.

The world in which our students live is one in which technology is a vital and essential part of higher learning, employment, and the routines of everyday life. If students are to be prepared for the even greater technological demands of the future, they must know and be proficient in computer and other new technologies. Technology is a primary support of the educational system and undergirds teaching, learning and all decision-making.

To help students meet the technological demands they will face, DCPS is proposing the development of a comprehensive strategic technology plan that will seek to provide classrooms with state-of-the-art computer technology and equipment. An enhancement of \$2.6M is being proposed for this strategy.

Currently, DCPS has approximately 15,000 computers, printers, and network devices in schools, maintained by a technical staff of six. Hiring technicians is imperative to meet the higher demand with the usage of computers, which have an average age of five (5) years. Based on a formula used in an industry study for calculating the technology support requirements of school districts, DCPS is under-staffed by 60% in information technology support. According to this formula, DCPS should have a staff-to-schools ratio of 1:10-15. DCPS currently staffs at a ratio of 1:30. The national average is 1:5 and in the most successful districts 1:1, if dedicated building level staff are included. To maintain existing technology as well as maximize our overall efficiency at the campus level and central office, this budget request provides salary and benefits for an additional 44 full-time employees whose duties include basic technical support, software and hardware installation and support, management of the DCPS website and email system, and management of our three telecom systems. In addition to service requests, the division also provides assistance in planning for future technology needs. This investment brings DCPS to a 1:10 ratio, which will aide in decreasing the time to repair issues in schools from 30 business days to 15. This investment will provide improved resource support to school based users so they can meet their instructional targets.

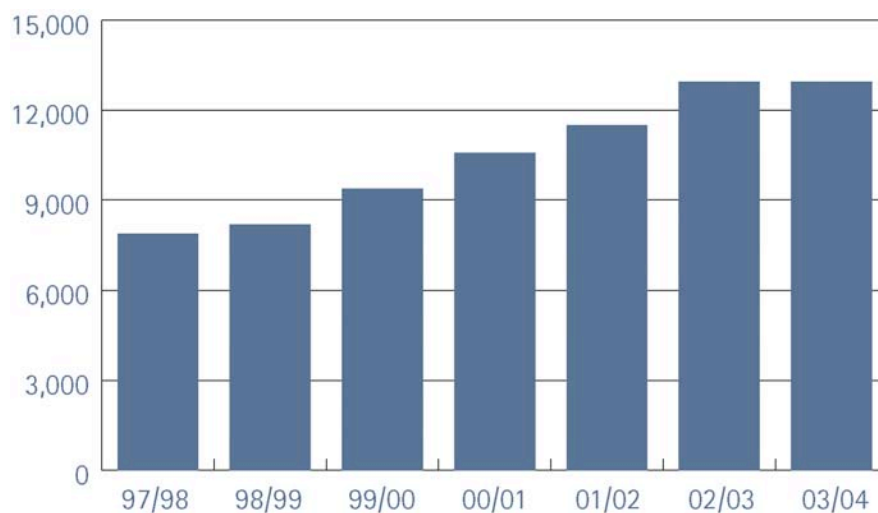
This budget request is made with the awareness that parents expect that their children be exposed to the most current technology available to assist their learning. Technology improvements will continue that will allow local schools to operate at their maximum level of efficiency, particularly as it relates to parent requests and student needs.

SPECIAL EDUCATION ADJUSTMENTS

The focus of the Office of Special Education Reform (OSER) continues to be building quality special education programs and increase the capacity within DCPS to be able to serve most children with special needs at their local school or school of choice or within the continuum of placement options with the school district in accordance with Board of Education, City Council and Federal government regulations and laws. In addition, these efforts are being conducted to help reduce the reliance on non-public special education programs which currently educate approximately 20% of all DCPS special education students at a cost of over \$100 million a year.

Overall, the number of students in special education is beginning to level off and more students with disabilities are being educated within DCPS as opposed to being educated in more costly non-public special education programs.

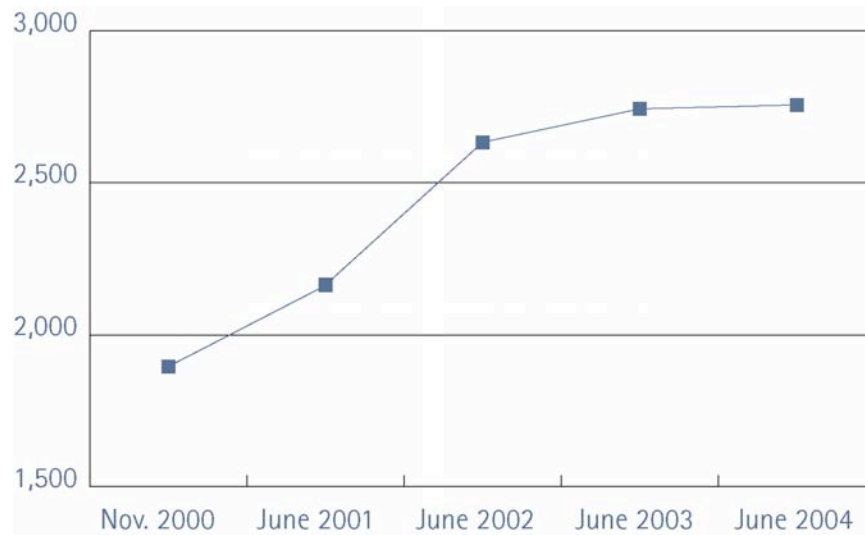
Enrollment in Special Education



Over the past three school years, nearly 1,800 new seats were created to serve students with the highest level of need – students with severe autism, mental retardation, learning disabilities and emotional disabilities – and students with low incidence disabilities, such as the hearing or visually impaired. To do so, OSER is requesting budgetary increases to be able to develop additional and more effective programs around the city in line with the office's five-year plan.

Resources are needed to appropriately staff classrooms and programs with enough teachers, aides and programmatic materials so they are comparable to the non-public programs that out students attend. In ensuring that identical programs exist throughout the city, a more equitable use of resources can better serve our communities' needs for programs and services. In addition, the creation of these programs has leveled the number of students in non-public placements.

Number of Special Education Students in Nonprofit Schools



In addition, OSER is planning on expanding by 40 the number of related service providers — psychologists, social workers, occupational and physical therapists and speech/language therapists — that are employed by the District. Hiring in-house staff, rather than contracting out to private providers will ultimately be more cost effective and an efficient use of resources. The number of service providers is determined using provider to teacher ratios as determined in many cases by each discipline's professional association. By using a caseload ratio methodology, OSER is moving towards a transparent and rational staffing model that can be used to predict staffing needs for the future.

Another area of focus is the coordination in the area of early intervention. In FY04, DCPS received the first ever State Improvement Grant (SIG) aimed at reducing referrals to special education. This five-year, \$4.2 million grant will create school wide approaches to support all learners in the school resulting in increased student achievement and decreased need for special education services by using scientifically-based instructional programs and materials. The SIG has partnered with the Reading First grant to leverage the maximum amount of resources towards this effort.

The Office of Special Education Reform is also seeking an increase in the budget for tuition payments for students with special needs that attend non-public schools. According to the Individuals with Disabilities Education Act (IDEA), the federal law that governs the provision of special education, local education agencies are required to place and fund students in private schools when the LEA can not provide a free and appropriate public education (FAPE). Although the number of students in these non-public schools has been static for the last two years, the tuition cost at these schools has increased. Additionally, because of historic funding practices and the loss of revenue from the District's Tobacco Fund, DCPS is requesting resources above prior year levels to ensure compliance.

The continued creation of a separate State Education Agency department within DCPS is another initiative highlighted in the FY06 budget. The organizational structure is designed to build a firewall between the school system's OSER local functions and the DCPS State role. With a distinct management structure, the SEA functions of state monitoring, student hearings, state complaints and alternative dispute resolutions are now organized under the State Enforcement, Investigations and Dispute Resolution Division.



Separation of SEA oversight and enforcement from LEA management supervision is a critical first step toward raising standards in special education, imposing greater accountability for performance outcomes, and strengthening early alternative dispute resolution programs within DCPS. In summary, this plan is essential:

- For creating a single point of contact for addressing parental dissatisfaction and disputes in special education;
- For the development of state technical assistance to all District LEAs to improve conflict management in special education from one characterized and driven by crisis, reaction, and litigation, to one that focuses upon prevention and early conflict intervention;
- In setting clearly defined performance standards for the SEA offices with actual accountability for results, improved outcomes, and more rigorous state enforcement;
- For fostering better communication and responsiveness to parents, Charters, and citizens by the different enforcement and conflict resolution offices with the long-term goal of reducing the number of due process hearings;
- To identify policy and legislative reforms needed to target and eliminate abusive or fraudulent practices by private attorneys and vendors who may be illegally manipulating the due process system for financial gain; and
- For establishing higher standards, greater accountability and improved delivery of special education services by all LEAs in the District of Columbia.

OPERATIONAL SUPPORT SERVICES

The FY 2006 budget request includes the necessary funding to support other non-instructional areas that support schools. The school system is working to make dramatic improvements in the way it manages and executes operational functions. However, some investments are necessary to ensure that DCPS stays afloat and meets critical mandates.

Human Resources: The proposed budget includes an increase of \$347,460 for additional mandated Human Resource functions. Specifically, OHR requests an increase of \$193,513 in PS to cover step increases (\$103,139) and the addition of 2 FTEs (\$90,374 in salary and benefits for one EG 8/5 fingerprint technician and one EG 11/5 licensure specialist). The fingerprint technician is warranted by the volume of applicants and volunteers that are processed through the fingerprint unit. A licensure specialist is required for DCPS to be knowledgeable regarding all positions which require a license and to ensure only licensed employees occupy these positions. This will provide assurance of compliance with the SEA licensure requirements. Additionally, OHR requests an addition of \$153,948 in NPS to cover increases in supplies; communication costs; Section 504 Americans with Disabilities Act; mandated Employee Assistance Program; modifications via engineering change proposals for the HRIS; and medical physicals required in conjunction with workers compensation, fitness for duty and disability retirement evaluations.

Procurement: The budget request for the Office of Contracts and Acquisitions includes an increase of \$800,000 to support the appropriate strategic alignment of staff and resources to address the need for a new orientation and a suite of new and enhanced skill sets for OCA staff. The increase in funding will support the critical hiring of 12 FTEs. In addition, OCA will transform itself into a transparent, respected and valued service by restructuring the procurement processes to be more efficient and effective through a legal and ethical procurement system and with the use of state-of-the-art procurement technology. OCA will focus its efforts in the following critical areas:

- Transformation Initiatives for Operational Efficiency
- Staff Skills Assessment, Professional Development and Training
- Electronic Purchasing and Payment Initiatives
- Intranet/Internet and Method of Supply Strategies
- End-user Training
- Procurement User Manuals for Procurement staff, Schools, Programs and suppliers

In addition, OCA will continue to expand efforts to support the Local, Small, and Disadvantaged Business Enterprise (LSDBE) efforts within the community and other community outreach programs, including but not limited to the Disabled Veterans Program and small minority non-LSDBE certified vendors.

Food Services: Research shows that healthy, well-nourished children are more ready to learn and can take better advantage of educational opportunities. Studies have shown that students who ate breakfast at school had increased standardized achievement test scores and class participation, improved attendance and reduced tardiness. Students who eat lunches offered by the National School Lunch Program (NSLP) have higher nutrient intakes than do students who make other

choices at lunch. It's not only important for students' to eat breakfast and lunch, but to also make sure these meals are high in quality. The quality of students' diet impacts their performance in school. Studies show that an appropriate diet can improve problem-solving skills, test scores and school attendance rates. Even moderate undernourishment was found to affect cognitive development and school performance.

The budget for Food and Nutrition Services includes the funding required to continue delivery of the same services provided in FY 2004, as well as critical investments required to achieve progress toward the goals mentioned above. Historically, the Division of Food and Nutrition Services has been under-funded to perform the required level of services. While actual expenditures have exceeded budget, savings from other areas at year-end have masked the deficit by balancing the overall DCPS budget.

The Anti-Deficiency act prohibits the procurement of goods or services without the required funding in place. It is essential that FNS be fully funded at the beginning of FY06 to ensure operational efficiency. In recent years, the local budget for FNS has decreased from \$11 million to \$2.8 million. Due to declining enrollment and thus a corresponding decline in participation, our revenue from USDA reimbursements has also decreased. At the same time we have had to absorb significant increases as a result of continuing and fixed costs associated with the Council-approved, negotiated pay raises for employees, continuing salary and personnel costs, current and previously unpaid step increases and inflationary adjustments.

FNS requires \$3.4 million over the FY 2005 approved budget to continue delivery of the same services, as well as critical investments required to achieve progress toward the goals mentioned above. The total local contribution required for FNS will be \$7.6million.

Payroll System Maintenance (CAPPS): An increase of \$400,000 is being requested in the FY 2006 budget to fund the increased costs for maintaining the school system's payroll management system.

Rising Fixed Costs: The budget request includes an increase of \$2.9M to address rising fixed costs. Even though DCPS has experienced enrollment declines over the last few years, our costs for energy, fuel, and telecommunications have continued to rise. Most of the increase is primarily attributable to market changes in the costs for these commodities. In the future, we will be exploring options to conserve energy costs. Any anticipated savings from these ventures will be reinvested into our maintenance program.

OTHER STATE LEVEL COSTS

While the District has recognized the additional cost burden of State-Level functions by increasing the State-Level allocation, increases in revenues have not kept pace with the rising costs for providing these services as mandated by the court system. A substantial amount of our request is a result of recognizing the need to continually fund these costs:

Youth Service Center/Oak Hill: An increase of \$2,532,950 for the hiring of instructional staff to operate a new facility opened by the Department of Youth Services on Mount Olivet Road. The new facility, which opens December 2004, has the capacity to serve 80 juvenile detainees. These funds will support the addition of 28 new FTEs and related equipment needs to fully operate the new facility.

Charter School Oversight: The budget increase of \$311,416 for the Public Charter Schools Oversight Office is due to historical under funding for this office. The budget increase is needed to comply with federal and local regulations, as well as the No Child Left Behind Act. Over the last few fiscal years, this office has not received a budget increase, despite the rising number of charter schools that are being authorized by the Board of Education. The additional increase will support the increase in oversight responsibilities for this office.

Policy Development: All policy decisions of the Board of Education are published in the Title 5 of the District of Columbia Municipal Regulations, which are published by the District of Columbia Office of Documents. An enhancement of \$500,000 is being provided to conduct a comprehensive review and revision of the regulations in Title 5 in order to correct deficiencies that prevent the Board, school system administrators, and the public from accessing the regulations using various electronic media and retrieving educational policy information in an easy to understand format.

FISCAL ANALYSIS OF THE DC BOARD OF EDUCATION'S PROJECTED FY 2006 BUDGET

The Board of Education's projected FY 2006 Gross Operating Budget is \$1,023,808,762, which includes an overall increase of \$80,460,057, or 8.5 percent from the FY 2005 approved budget of \$943,348,705. This projected increase in funding will enable the Board of Education to realign its budget to satisfy core operational needs and recognize historical costs for providing specialized educational services. Furthermore, this proposed budget is aligned, for the first time, by program and associated activities which is an essential element of performance based budgeting.

The \$80.5 million increase in total funding will allow the Board to not only maintain current spending levels, but to start to address those areas in critical need of investments to support the educational enterprise. Set forth below are major changes in funding allocations:

FY 2006 District of Columbia Public Schools Proposed Gross Operating Budget - by Fund Type

FUND	FY 2006 Projected Budget	FY 2005 Board Approved Budget	CHANGE	% Change
Local	775,509,000.00	760,494,705.00	15,014,295.00	1.97%
Federal	145,146,793.00	117,450,000.00	27,696,793.00	23.58%
Federal FY 2005 Carryover	28,200,000.00	0.00	28,200,000.00	
Private	4,665,602.00	3,670,000.00	995,602.00	27.13%
Other	7,909,830.00	7,328,000.00	581,830.00	7.94%
Intra-District	62,377,537.00	54,406,000.00	7,971,537.00	14.65%
	\$1,023,808,762.00	\$943,348,705.00	\$80,460,057.00	8.53%

Gaap Cat.	CSG	Comptroller Source Group Title	FY05 Approved Budget	FY06 Proposed Budget	Change from FY05 (-,+)	Percent Change
PS	0011	REGULAR PAY - CONT FULL TIME	379,996,908.00	380,547,412.00	550,504.00	0.14%
	0012	REGULAR PAY - OTHER	117,801,821.00	112,709,020.00	(5,092,801.00)	-4.32%
	0013	ADDITIONAL GROSS PAY	8,722,673.00	19,867,780.00	11,145,107.00	127.77%
	0014	FRINGE BENEFITS - CURR PERSONNEL	75,630,893.00	78,181,143.00	2,550,250.00	3.37%
	0015	OVERTIME PAY	4,759,752.00	5,096,322.00	336,570.00	7.07%
	0099	UNKNOWN PAYROLL POSTINGS	1,142,115.00	1,067,294.00	(74,821.00)	-6.55%
Sub - Total			588,054,162.00	597,468,971.00	9,414,809.00	1.60%
NPS	0020	SUPPLIES AND MATERIALS	38,074,299.00	39,429,270.00	1,354,971.00	3.56%
	0030	ENERGY, COMM. AND BLDG RENTALS	23,874,892.00	26,752,076.00	2,877,184.00	12.05%
	0031	TELEPHONE, TELEGRAPH, TELEGRAM, ETC	6,780,403.00	6,265,853.00	(514,550.00)	-7.59%
	0032	RENTALS - LAND AND STRUCTURES	5,762,364.00	5,978,175.00	215,811.00	3.75%
	0033	JANITORIAL SERVICES	741,723.00	710,704.00	(31,019.00)	-4.18%
	0034	SECURITY SERVICES	1,264,161.00	2,043,785.00	779,624.00	61.67%
	0035	OCCUPANCY FIXED COSTS	-	446,312.00	446,312.00	N/A
	0040	OTHER SERVICES AND CHARGES	28,418,265.00	36,627,623.00	8,209,358.00	28.89%
	0041	CONTRACTUAL SERVICES - OTHER	63,678,629.00	60,566,999.00	(3,111,630.00)	-4.89%
	0050	SUBSIDIES AND TRANSFERS	150,683,662.00	216,249,077.00	65,565,415.00	43.51%
	0070	EQUIPMENT & EQUIPMENT RENTAL	36,016,145.00	31,269,917.00	(4,746,228.00)	-13.18%
Sub - Total			355,294,543.00	426,339,791.00	71,045,248.00	20.00%
Grand Total			943,348,705.00	1,023,808,762.00	80,460,057.00	8.53%

Above is the summary analysis of Object Class. There is a projected increase of \$9,414,809 or 1.6 percent in Personnel Services. This increase is the result of spending realignment intended to accurately reflect the cost areas where the actual spending levels are far more than what had been budgeted for in previous years.

The Non-Personnel Services budget for FY 2006 is projected to increase by \$71,045,248 with the largest increase of \$65,565,415 in Comptroller Source Group 50 (Subsidies and Transfers), offset by two major decreases for Contractual Services (\$3,111,630) and Equipment Purchases (\$4,746,228). The \$66 million increase occurs in both Local Fund (\$14 million increase for non-public tuition payments) and Federal Grant (\$52 million for grant maximization).

Additional Revenues

The projected revenue do not include the \$13 million in Federal Payment monies appropriated by Congress in FY 2004 and FY2005; nor does it assume continuation of the \$3.1 million in No Child Left Behind Funds provided by the City in FY 2005. In the following section, the Superintendent has prescribed a number of educational initiatives under "Unmet Needs" where program costs could be offset by the inclusion of these additional revenues.